

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W. R. Grace & Co., et al
Debtor

Case No. 01-01139 Jointly Administered
Reporting Period: July 2004

MONTHLY OPERATING REPORT

File with Court and submit copy to United States Trustee within 20 days after end of month

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (con't)	X	
Copies of bank statements		X	
Cash disbursements journals			Not available
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			Not available
Copies of Federal income tax returns filed during reporting period			None filed
Summary of Unpaid Postpetition Debts	MOR-4		See Note #4
Listing of aged accounts payable			See Note #4
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

23 AUG 2004

Date

Robert M. Tarola

Printed Name of Authorized Individual

Senior Vice President and
Chief Financial Officer

Title of Authorized Individual

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

W. R. Grace & Co.
Monthly Financial Report
July 31, 2004

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Monthly Operating Report

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Bank Statements

Federal Income Tax Returns

None

Forward-Looking Information

This monthly financial report contains forward-looking information that involves risks and uncertainties. For such information, Grace claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from the results predicted, and reported results should not be considered as a indication of future performance. Factors that could cause actual results to differ from those contained in the forward-looking information include those factors set forth in Grace's most recent Annual Report on Form 10-K and quarterly reports on Form 10-Q, which have been filed with the Securities Exchange Commission.

Statement of Confidentiality

The information contained in the monthly financial report contains confidential information of W. R. Grace & Co. and its subsidiaries (the "Confidential Information"). The Confidential Information has been prepared solely for information purposes and may not be disclosed to any person or entity or reproduced, disseminated or disclosed, in whole or in part, except to officers, directors, employees, and representatives of the recipient ("Representatives") or as required by applicable law or regulation. By receipt of the Confidential Information, each recipient agrees to (1) use the Confidential Information only to enhance its understanding of Grace and its businesses, and (2) inform its Representatives of the confidential nature of such information and direct them to treat such information in accordance with the terms. Each recipient agrees to be responsible for any breach of these provisions by any of its Representatives.

Monthly Operating Report

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	JP Morgan Chase Disbursement 9101013572	Wachovia Lockbox 8515019102	First Union Deposit Acct 2139500021412	First Union Payroll 2379800003515	Merrill Lynch Investment 3323735	Merrill Lynch Investment 3343175	JP Morgan Chase Holding 323223141
CASH BEGINNING OF MONTH	\$ 124,016	\$ -	\$ 100	\$ -	\$ 184,979,195	\$ -	\$ 740,038
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES							
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES			1,428,528		102,298		
TRANSFERS IN - NONFILING ENTITIES							
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	200,000			2,035,731	39,000,000		
MISCELLANEOUS				47,031			605
TOTAL RECEIPTS	200,000		1,428,528	2,082,762	39,102,298	-	605
DISBURSEMENTS							
PAYROLL				1,354,470			
PAYROLL TAXES				718,312			
TRADE PAYABLES - THIRD PARTIES							
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							
TRANSFERS OUT - THIRD PARTIES	212,448						
TRANSFERS OUT - NONFILING ENTITIES							
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS			1,401,480		33,000,000		
MISCELLANEOUS			27,049				
TOTAL DISBURSEMENTS	212,448	-	1,428,528	2,072,782	33,000,000	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(12,448)	-	-	-	6,102,298	-	605
CASH - END OF MONTH	111,568	-	100	-	201,181,493	-	740,643

Note #1

Various payments are made by W. R. Grace & Co. - Conn on behalf of other debtor entities. Such activity may include salary of employees, legal and professional fees, and other expenditures, and is generally recorded via intercompany accounts. In addition, certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	JP Morgan Chase Concentration 16001257	Bank of America Lockbox 8188203114	First Union Concentration 2000000282172	First Union Payroll 2079000016741	First Union Petty Cash 2079900005600	Citic Bank Payroll 15502015736	First Union Libby Medical 2079900065006
CASH BEGINNING OF MONTH	\$ 299,706	\$ 1,173,189	\$ 0	\$ -	\$ 10	\$ 0	\$ -
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES		43,643,566					
ACCOUNTS RECEIVABLE - INTERCOMPANY		1,070,870					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES	1,945,342						
TRANSFERS IN - NONFILING ENTITIES	10,934,062						
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	130,411,133		77,000,000	4,977,139	23,110		138,618
MISCELLANEOUS					3,112		
TOTAL RECEIPTS	143,281,537	44,723,968	77,000,000	4,977,139	26,842	-	138,618
DISBURSEMENTS							
PAYROLL				1,415,074			
PAYROLL TAXES				1,546,010			
TRADE PAYABLES - THIRD PARTIES	187,790						
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES	131,474						
TRANSFERS OUT - THIRD PARTIES	8,224,181	1,039,630			26,842		138,618
TRANSFERS OUT - NONFILING ENTITIES	9,715,757						
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	124,088,518	43,848,789	76,313,207				
MISCELLANEOUS			686,793	16,065			
TOTAL DISBURSEMENTS	143,247,731	45,778,418	77,000,000	4,977,139	26,842	-	138,618
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	33,807	(1,054,450)	-				
CASH - END OF MONTH	273,513	518,739	0	-	10	0	-

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	First Union Accts Payable 2079900005761	First Union Payroll 2079900007554	Wachovia Lockbox 1866-082535	First Union Accts payable 2079900005250	First Union Accts Payable 2079900005231	Allfirst Payroll 16298531	SunTrust Payroll 00000141309	PNC
CASH BEGINNING OF MONTH	\$ (0)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,252	\$ 45,246	\$ 24,567
RECEIPTS								
ACCOUNTS RECEIVABLE - THIRD PARTIES			37,850,979					
ACCOUNTS RECEIVABLE - INTERCOMPANY			15,807,093					
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI								
DIP BORROWINGS								
TRANSFERS IN - THIRD PARTIES								
TRANSFERS IN - NONFILING ENTITIES								
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	37,953,713	1,540,999		2,474,812	27,179,046	3,503,685		
MISCELLANEOUS	1,547,309	168,107		429,911	308,691	847,558		
TOTAL RECEIPTS	39,501,022	1,709,105	53,748,072	2,904,802	27,487,697	4,351,223	-	-
DISBURSEMENTS								
PAYROLL		1,179,667				2,742,347		
PAYROLL TAXES		520,438				1,596,903		
TRADE PAYABLES - THIRD PARTIES	33,201,022			2,904,802	27,487,697			
TRADE PAYABLES - INTERCOMPANY								
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI								
DIP PRINCIPAL REPAYMENTS								
DIP INTEREST AND USAGE FEES								
TRANSFERS OUT - THIRD PARTIES			1,356,110					
TRANSFERS OUT - NONFILING ENTITIES								
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS			52,158,185					
MISCELLANEOUS			33,777					
TOTAL DISBURSEMENTS	33,201,022	1,700,105	53,748,072	2,904,802	27,487,697	4,341,150	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	300,000	-	-	-	-	10,073		
CASH - END OF MONTH	300,000		0	0	0	47,323	45,246	24,567

Note #1

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	Hibernia Natl Disbursement 101391210	Bank of America Payroll 00000002157	Allfirst Payroll 16298557	First Union Prty Cash 2040000016900	Banco de Credito Operating Acct 1931115122058	Banco de Credito Operating Acct 1931125963172	Banco de Credito Time Deposit 0015820
CASH BEGINNING OF MONTH	\$ 10,000	\$ -	\$ 275,382	\$ 46,332	\$ 5,248	\$ 284,083	\$ -
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES					1,011	96,173	
ACCOUNTS RECEIVABLE - INTERCOMPANY							
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI							
DIP BORROWINGS							
TRANSFERS IN - THIRD PARTIES					40,371		
TRANSFERS IN - NONFILING ENTITIES							
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS			5,067,620				
MISCELLANEOUS							
TOTAL RECEIPTS			5,067,620		41,382	96,173	
DISBURSEMENTS							
PAYROLL			3,338,440				
PAYROLL TAXES			1,729,180				
TRADE PAYABLES - THIRD PARTIES						200,211	
TRADE PAYABLES - INTERCOMPANY							
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI							
DIP PRINCIPAL REPAYMENTS							
DIP INTEREST AND USAGE FEES							
TRANSFERS OUT - THIRD PARTIES					29,252	43,000	
TRANSFERS OUT - NONFILING ENTITIES							
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS							
MISCELLANEOUS					12,860	16,306	
TOTAL DISBURSEMENTS			5,067,620		42,112	256,517	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)					(730)	(160,342)	
CASH - END OF MONTH	10,000	-	275,382	46,332	4,517	123,741	-

Note #1

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W. R. Grace & Co. - Conn

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	Bank of Boston Operating Acct 0154519	Bank of Boston Operating Acct 0154424	Cash in Transit	Cash on Hand	Other	CURRENT MONTH	
						ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 14,165	\$ 436,689	\$ 3,453	\$ 43,929	\$ 316,519	\$ 199,204,981	
RECEIPTS							
ACCOUNTS RECEIVABLE - THIRD PARTIES		522,788	556,350			82,480,399	
ACCOUNTS RECEIVABLE - INTERCOMPANY						16,967,463	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI						-	
DIP BORROWINGS						-	
TRANSFERS IN - THIRD PARTIES	25,201					3,642,741	
TRANSFERS IN - NONFILING ENTITIES						10,924,062	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS						331,495,626	
MISCELLANEOUS					1,149,030	4,501,994	
TOTAL RECEIPTS	25,201	322,788	556,350	-	1,149,030	450,012,284	-
DISBURSEMENTS							
PAYROLL	18,496					12,048,394	
PAYROLL TAXES	7,813					6,127,057	
TRADE PAYABLES - THIRD PARTIES		474,397				70,375,850	
TRADE PAYABLES - INTERCOMPANY						-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI						-	
DIP PRINCIPAL REPAYMENTS						-	
DIP INTEREST AND USAGE FEES						191,474	
TRANSFERS OUT - THIRD PARTIES	6,272	35,000				12,198,352	
TRANSFERS OUT - NONFILING ENTITIES						9,715,767	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS						331,720,178	
MISCELLANEOUS	1,683	4,314				798,838	
TOTAL DISBURSEMENTS	31,664	503,641	-	-	-	443,175,910	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	(6,463)	(181,355)	556,350	-	1,149,030	6,836,374	-
CASH - END OF MONTH	7,595	251,214	559,803	43,929	1,425,549	206,041,355	\$ -

Note #1

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W.R. Grace & Co. Schedule of Cash Receipts and Disbursements MOR-1 July 2004			
	JP Morgan Chase Pass Through 323881963	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ (0)	\$ (0)	
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	230,220	230,220	
TOTAL RECEIPTS	230,220	230,220	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	230,220	230,220	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	230,220	230,220	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	
CASH - END OF MONTH	\$ (0)	\$ (0)	\$ -

Remedium Group, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	JP Morgan Chase Depository/Wire 323883842	JP Morgan Chase Disbursement 601831985	Other	CURRENT MONTH	
				ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ (83,384)	\$ 2,501	\$ (85,885)	
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES				-	
ACCOUNTS RECEIVABLE - INTERCOMPANY				-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI				-	
DIP BORROWINGS				-	
TRANSFERS IN - THIRD PARTIES				-	
TRANSFERS IN - NONFILING ENTITIES	2,987		3,234	6,220	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		227,539		227,539	
TOTAL RECEIPTS	2,987	227,539	3,234	233,759	
DISBURSEMENTS					
PAYROLL				-	
PAYROLL TAXES				-	
TRADE PAYABLES - THIRD PARTIES				-	
TRADE PAYABLES - INTERCOMPANY				-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI				-	
DIP PRINCIPAL REPAYMENTS				-	
DIP INTEREST AND USAGE FEES				-	
TRANSFERS OUT - THIRD PARTIES		226,106	2,987	229,092	
TRANSFERS OUT - NONFILING ENTITIES				-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	2,987			2,987	
MISCELLANEOUS				-	
TOTAL DISBURSEMENTS	2,987	226,106	2,987	232,079	
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	1,434	247	1,681	
CASH - END OF MONTH	-	(81,950)	(2,241)	(84,204)	

Darex Puerto Rico, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	Citibank Operating Acct 300153011	Petty Cash	Other	CURRENT MONTH	
				ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 3,094,199	\$ 1,500	\$ 11,673	\$ 3,044,026	
RECEIPTS					
ACCOUNTS RECEIVABLE - THIRD PARTIES	543,470			543,470	
ACCOUNTS RECEIVABLE - INTERCOMPANY				-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI				-	
DIP BORROWINGS				-	
TRANSFERS IN - THIRD PARTIES				-	
TRANSFERS IN - NONFILING ENTITIES				-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	8,313			8,313	
TOTAL RECEIPTS	551,782		-	551,782	-
DISBURSEMENTS					
PAYROLL	6,453			6,453	
PAYROLL TAXES				-	
TRADE PAYABLES - THIRD PARTIES				-	
TRADE PAYABLES - INTERCOMPANY	264,067			264,067	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI				-	
DIP PRINCIPAL REPAYMENTS				-	
DIP INTEREST AND USAGE FEES				-	
TRANSFERS OUT - THIRD PARTIES				-	
TRANSFERS OUT - NONFILING ENTITIES				-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS	8,313			8,313	
MISCELLANEOUS				-	
TOTAL DISBURSEMENTS	278,832	-	-	278,832	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	272,950	-	-	272,950	-
CASH - END OF MONTH	3,367,149	1,500	11,673	3,316,976	-

CC Partners

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	First Union Deposit Acct 2199500031802	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ -	\$ -	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS	-	-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	-	-	-
CASH - END OF MONTH	\$ -	\$ -	\$ -

Kootenai Development Company			
Schedule of Cash Receipts and Disbursements			
MOR-1			
July 2004			
	First National Bank of Montana 1049097	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 17,363	\$ 17,363	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS		-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$ 17,363	\$ 17,363	\$ -

Grace Europe, Inc.

Schedule of Cash Receipts and Disbursements

MOR-1

July 2004

	Barclays Bank PLC	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ (662)	\$ (662)	
RECEIPTS			
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS	4	4	
TOTAL RECEIPTS	4	4	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS	-	-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)	4	4	-
CASH - END OF MONTH	\$ (657)	\$ (657)	\$ -

Gloucester New Communities Company, Inc.
Schedule of Cash Receipts and Disbursements
MOR-1
July 2004

	Cash On Hand	CURRENT MONTH	
		ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 500	\$ 500	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS		-	
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI		-	
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS		-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$ 500	\$ 500	\$ -

Dewey & Almy, LLC			
Schedule of Cash Receipts and Disbursements			
MOR-1			
July 2004			
		CURRENT MONTH	
	Miscellaneous	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	\$ 1,000	\$ 1,000	
RECEIPTS			
	No Activity		
ACCOUNTS RECEIVABLE - THIRD PARTIES		-	
ACCOUNTS RECEIVABLE - INTERCOMPANY		-	
ACCOUNTS RECEIVABLE AS SERVICER FOR GRPI		-	
DIP BORROWINGS			
TRANSFERS IN - THIRD PARTIES		-	
TRANSFERS IN - NONFILING ENTITIES		-	
TRANSFERS IN - FILING ENTITY CASH ACCOUNTS		-	
TOTAL RECEIPTS		-	-
DISBURSEMENTS			
PAYROLL		-	
PAYROLL TAXES		-	
TRADE PAYABLES - THIRD PARTIES		-	
TRADE PAYABLES - INTERCOMPANY		-	
ACCOUNT SECURITIZATION PAYMENTS AS SERVICER FOR GRPI			
DIP PRINCIPAL REPAYMENTS		-	
DIP INTEREST AND USAGE FEES		-	
TRANSFERS OUT - THIRD PARTIES		-	
TRANSFERS OUT - NONFILING ENTITIES		-	
TRANSFERS OUT - FILING ENTITY CASH ACCOUNTS		-	
MISCELLANEOUS		-	
TOTAL DISBURSEMENTS		-	-
NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS)		-	-
CASH - END OF MONTH	\$ 1,000	\$ 1,000	\$ -

	JP Morgan Chase Disbursement 9101613572	Wachovia Lockbox 8615039102	First Union Deposit Acct 2199500021812	Merrill Lynch Investment 3423735	Merrill Lynch Investment 31833431756
Balance per books	\$ 124,016	\$ -	\$ -	\$ 194,979,195	\$ -
Bank Balance	\$ 124,016	\$ -	\$ 10,053	\$ 162,332,769	\$ -
(+) Deposits in transit	-	-	-	-	-
(-) Outstanding checks	-	-	-	-	-
Other	-	-	100,053	-	-
Adjusted bank balance	\$ 124,016	\$ -	\$ -	\$ 162,332,769	\$ -
Deposits in Transit	Date Amount	Date Amount	Date Amount	Date Amount	Date Amount
Outstanding Checks	Ck # Amount	Ck # Amount	Ck # Amount	Ck # Amount	Ck # Amount
Other					
Transfers between bank accounts					
Accounting error					
Interest not recorded on books					
Bank fees not recorded on books					
Payroll tax payments not recorded					
Unreconciled bank activity					
Unreconciled ledger activity					
Returned item adjustment					
Payroll/other activity in transit					
Petty cash funds					
Reporting reclass					
Unrecorded deposit					

W. R. Grace & Co. - Conn
Bank Reconciliations
June 2004
MOR-1

	First Union Petty Cash 2079900005600		Citic Bank Payroll 15520015703		First Union Libby Medical 20799000065006		First Union Accts Payable 2079900005761		First Union Payroll 20799000067554	
Balance per books	\$ -		\$ -		\$ -		\$ -		\$ -	
Bank Balance	\$ -		\$ -		\$ -		\$ -		\$ -	
(-) Deposits in transit										
(-) Outstanding checks	(4,157)						(6,756,674)		(34,213)	
Other	4,157						6,756,674		34,213	
Adjusted bank balance	\$ -		\$ -		\$ -		\$ -		\$ -	
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount
	12583	(15)					Debit A/c table		Debit A/c table	
	12593	(25)								
	25199	(54)								
	37009	(88)								
	37047	(30)								
	37057	(1,000)								
	37058	(1,000)								
	37059	(1,000)								
	37060	(945)								
Other										
Transfers between bank accounts										
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books		130								
Payroll tax payments not recorded										108,990
Unreconciled bank activity		4,603						(410,207)		6,589
Unreconciled ledger activity								(5,902)		(4,892)
Returned item adjustment										
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass		(576)						7,172,783		(76,469)
Unrecorded deposit										

[illegible]

[illegible]

W. R. Grace & Co. - Conn
Bank Reconciliations
June 2004
MOR-1

	Banco de Credito Operating Acct 1931115122058		Banco de Credito Operating Acct 1931125963172		Banco de Credito Time Deposit 0015820		Bank of Boston Operating Acct 0154519		Bank of Boston Operating Acct 0154424	
Balance per books	(Sales)	18,205	US\$	\$ 284,063	(US\$)	\$ -	(Sales)	49,125	(US\$)	\$ 432,669
Bank Balance		\$ 19,550		\$ 284,063		\$ -		\$ 49,125		\$ 432,669
(+) Deposits in transit		-		-		-		-		-
(-) Outstanding checks		(1,344)		-		-		-		-
Other		-		-		-		-		-
Adjusted bank balance		\$ 18,205		\$ 284,063		\$ -		\$ 49,125		\$ 432,669
Deposits in Transit	Date	Amount	Date	Amount	Date	Amount	Date	Amount	Date	Amount
Outstanding Checks	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount	Ck. #	Amount
	VARIOUS	(1,344)								
Other										
Transfers between bank accounts										
Accounting error										
Interest not recorded on books										
Bank fees not recorded on books										
Payroll tax payments not recorded										
Unreconciled bank activity										
Unreconciled ledger activity										
Returned item adjustment										
Payroll/other activity in transit										
Petty cash funds										
Reporting reclass										
Unrecorded deposit										

Remedium Group, Inc. Bank Reconciliations June 2004 MOR-1				
	JP Morgan Chase Pass Through 321883842		JP Morgan Chase Disbursement 601831985	
Balance per books	\$ -		\$ (83,384)	
Bank Balance	\$ -		\$ -	
(+) Deposits in transit	-		-	
(-) Outstanding checks	-		(86,399)	
Other	-		3,015	
Adjusted bank balance	\$ -		\$ (83,384)	
Deposits in Transit	Date	Amount	Date	Amount
Outstanding Checks	Ck #	Amount	Ck #	Amount
			5573	(204)
			5610	(50)
			5612	(40)
			5615	(300)
			5616	(418)
			5617	(840)
			5618	(27)
			5620	(603)
			5621	(311)
			5622	(819)
			5623	(37)
			5624	(1,035)
			5625	(1,209)
			5626	(64,528)
			5627	(8,524)
			5628	(100)
			5629	(2,100)
			5630	(5,054)
			5632	(442)
			5633	(136)
			5634	(93)
Other				
Transfers between bank accounts				
Accounting error				
Interest not recorded on books				
Bank fees not recorded on books				
Payroll tax payments not recorded				
Unreconciled bank activity				3,055
Unreconciled ledger activity				(40)
Returned item adjustment				
Payroll activity in transit				
Petty cash funds				

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Darex Puerto Rico, Inc. Bank Reconciliations June 2004 MOR-1		
	Citibank Operating Acct 300153011	
Balance per books	\$ 3,094,199	
Bank Balance	\$ 3,134,757	
(+) Deposits in transit	56,190	
(-) Outstanding checks	(107,495)	
Other	10,747	
Adjusted bank balance	\$ 3,094,199	
Deposits in Transit	Date	Am't
	28-Jun-04	45,431
	30-Jun-04	9,758
Outstanding Checks	Ck. #	Am't
	15461	(27)
	15904	(728)
	16671	(920)
	17002	(150)
	17007	(523)
	17015	(150)
	17034	(972)
	17035	(3,978)
	17036	(300)
	17037	(3,000)
	17038	(11,685)
	17039	(138)
	17040	(171)
	17041	(300)
	17042	(1,387)
	17043	(12,053)
	17044	(65)
	17045	(25,136)
	17048	(13,200)
	17049	(2,358)
	17050	(778)
	17051	(90)
	17052	(255)
	17053	(19,463)
	17054	(188)
	17055	(1,000)
	17056	(457)
	17057	(1,260)
	17058	(650)
	17059	(240)
	various	(3,872)
Other		
Transfers between bank accounts		
Accounting error		
Interest not recorded on books		
Bank fees not recorded on books		986
Payroll tax payments not recorded		87
Unreconciled bank activity		9,836
Unreconciled ledger activity		(162)
Returned item adjustment		
Payroll activity in transit		
Petty cash funds		

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[illegible]

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended July 31, 2004

	W.R. Grace & Co. - Conn.	W.R. Grace & Co.	Remedium Group, Inc.	CCHP, Inc.	CC Partners	Grace Washington, Inc.	Litigation Management, Inc.	Grace Europe, Inc.	L.B. Realty, Inc.
Net sales to third parties	\$ 71,029,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	22,793,565	-	-	-	-	-	-	-	-
Net sales to filing entities	(35,106)	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	1,161,914	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(4,552,550)	3,411,932	699,923	19,173	845,233	-	2,602,915	-	-
	90,397,515	3,411,932	699,923	19,173	845,233	-	2,602,915	-	-
Cost of goods sold to third parties	48,484,437	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	18,896,305	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	(40,510)	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	25,856,672	-	6,014	-	-	17,811	-	2,391	-
Research and development expenses	2,670,738	-	-	-	-	-	-	-	-
Depreciation and amortization	4,644,558	-	2,319	-	-	-	-	-	-
Interest expense	1,471,750	-	-	-	-	-	-	-	-
Other (income) expense	(115,356)	-	-	-	-	-	-	-	-
	101,868,597	-	8,333	-	-	17,811	-	2,391	-
(Loss) in income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	(11,471,081)	3,411,932	691,589	19,173	845,233	(17,811)	2,602,915	(2,391)	-
Chapter 11 reorganization expenses, net	(697,066)	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	1,796,808	(1,194,176)	(242,056)	(6,711)	(295,832)	3,931	(911,020)	1,039	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ (10,371,339)	\$ 2,217,756	\$ 449,533	\$ 12,462	\$ 549,401	\$ (13,880)	\$ 1,691,895	\$ (1,332)	\$ -

Note #2:

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended July 31, 2004

	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewile Land Corporation	Alewile Boston, Ltd.	Five Alewife Boston Ltd.	GN Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MFA Staffing Systems, Inc.	Kootenai Development Company
Net sales to third parties	\$ -	\$ 659,229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	1,628,852	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	(3,021,074)	-	-	-	-	-	-	-	-	-
	(1,392,222)	659,229	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	387,454	25,192	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	27,198	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	106,426	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	7,946	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	20,712	-	-	-	-	-	-	-	-	-
	20,712	529,024	25,192	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	(1,412,934)	130,205	(25,192)	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	(1,348,779)	(45,573)	8,817	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ (2,761,713)	\$ 84,632	\$ (16,375)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended July 31, 2004

	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern oil, Resin & Fiberglass, Inc.	Guanica- Caribe Land Development Corporation	Dewey & Almy, LLC	A-1 Bit & Tool Co., Inc.	Grace Tarpon Investors, Inc.	G C Limited Partners I, Inc.
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended July 31, 2004

	Monolith Enterprises, Incorporated	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G Inc.	Hanover Square Corporation	Ecarg, Inc.	W.R. Grace Land Corporation	G.C. Management, Inc.	Water Street Corporation
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended July 31, 2004

	Del Taco Restaurants, Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.	Creative Food N' Fun Company	Grace PAR Corporation	Grace A-B Inc.	Homco International, Inc.	GPC Thomasville Corp.	Grace Ventures Corp.	Grace Energy Corporation
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended July 31, 2004

	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-B II Inc.	Grace H-G II Inc.	Coalgrace II, Inc.	Gracocoal II, Inc.	Gracocoal, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net sales to non-filing entities	-	-	-	-	-	-	-	-	-	-
Net sales to filing entities	-	-	-	-	-	-	-	-	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	-	-	-	-	-
Interest and royalties from filing entities, net	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to third parties	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to non-filing entities	-	-	-	-	-	-	-	-	-	-
Cost of goods sold to filing entities	-	-	-	-	-	-	-	-	-	-
Selling, general and administrative expenses	-	-	-	-	-	-	-	-	-	-
Research and development expenses	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-
Other (income) expense	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Chapter 11 reorganization expenses, net	-	-	-	-	-	-	-	-	-	-
(Provision for) benefit from income taxes	-	-	-	-	-	-	-	-	-	-
Minority interest in income of subsidiary	-	-	-	-	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	-	-	-	-	-	-
Net (loss) income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Corin.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Statement of Operations
MOR - 2
Month Ended July 31, 2004

	Axial Basin Ranch Company	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	COMBINED FILING ENTITIES
Net sales to third parties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,688,922
Net sales to non-filing entities	-	-	-	-	-	22,793,565
Net sales to filing entities	-	-	-	35,106	-	-
Interest and royalties from non-filing entities, net	-	-	-	-	-	2,790,766
Interest and royalties from filing entities, net	-	-	-	(5,550)	-	-
	-	-	-	29,556	-	97,273,253
Cost of goods sold to third parties	-	-	-	-	-	48,897,084
Cost of goods sold to non-filing entities	-	-	-	-	-	18,896,305
Cost of goods sold to filing entities	-	-	-	13,312	-	-
Selling, general and administrative expenses	-	-	-	-	-	25,989,314
Research and development expenses	-	-	-	-	-	2,670,738
Depreciation and amortization	-	-	-	-	-	4,654,823
Interest expense	-	-	-	-	-	1,471,751
Other (income) expense	-	-	-	-	-	(94,644)
	-	-	-	13,312	-	102,485,371
(Loss) income before Chapter 11 reorganization expenses, income taxes, minority interest and equity in net income of non-filing entities	-	-	-	16,244	-	(5,212,118)
Chapter 11 reorganization expenses, net	-	-	-	-	-	(697,066)
(Provision for) benefit from income taxes	-	-	-	-	-	(2,233,532)
Minority interest in income of subsidiary	-	-	-	-	-	-
Equity in net income of non-filing entities	-	-	-	-	14,594,505	14,594,505
Net (loss) income	\$ -	\$ -	\$ -	\$ 16,244	\$ 14,594,505	\$ 6,451,789

Note #2

Certain de minimis expenditures, including state registration fees, business license fees and certain taxes, of affiliated companies are accounted for in the statement of operations of W. R. Grace & Co. - Conn.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	W R Grace & Co - Conn	W R Grace & Co	Remedium Group, Inc	CCI-P, Inc	CC Partners	Grace Washington, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 205,741,355	\$ -	\$ (84,204)	\$ -	\$ -	\$ -
Accounts and other receivables, net	115,041,335	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	335,176,632	(419,116,816)	(12,111,628)	12,885,005	(37,739,222)	(9,831,024)
Inventories	78,799,427	-	-	-	-	-
Deferred income taxes	21,224,518	-	11,427,824	-	-	-
Other current assets	20,732,423	-	-	-	-	-
Total Current Assets	776,715,690	(419,116,816)	(768,008)	12,885,005	(37,739,222)	(9,831,024)
Properties and equipment, net	362,026,350	-	441,425	-	-	-
Goodwill	14,499,090	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	95,802,861	-	-	-	-	-
Deferred income taxes	780,562,726	-	29,268,534	-	-	-
Asbestos-related insurance receivable	263,411,692	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(1,384,632,488)	878,237,821	130,856,372	4,955,731	214,279,981	-
Investment in filing and non-filing entities	789,393,749	241,512,111	-	-	-	-
Other assets	81,217,626	-	-	-	-	-
Total Assets	\$ 1,778,997,295	\$ 700,633,116	\$ 159,798,322	\$ 17,840,736	\$ 176,540,760	\$ (9,831,024)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	43,056,762	-	14,946	-	-	-
Income taxes payable	268	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	97,289,215	-	406,309	-	-	3,394
Total Current Liabilities	140,346,245	-	421,256	-	-	3,394
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	142,939,741	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	0	-	-	-	-	-
Other liabilities	265,985,062	188,091	-	-	(0)	-
Total Liabilities Not Subject to Compromise	549,271,048	188,091	421,256	-	(0)	3,394
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	558,260,981	-	-	-	-	-
Accounts payable	30,594,363	-	665,607	-	-	-
Income taxes payable	165,522,975	26,991,196	(1,181,610)	119,021	5,617,702	(11,031)
Asbestos-related liability	987,887,737	-	-	-	-	-
Other liabilities	494,975,050	-	115,783,551	-	32,094,183	-
Total Liabilities Subject to Compromise	2,237,241,105	26,991,196	115,272,548	119,021	37,711,885	(11,031)
Total Liabilities	2,786,512,153	27,179,287	115,693,804	119,021	37,711,885	(7,637)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	83,968,960	771,452	12,223	1,000	-	1,000
Paid in capital	142,809,878	426,524,086	9,724,449	34,052,467	56,011,577	-
(Accumulated deficit)/Retained earnings	(874,277,916)	379,619,780	34,367,846	(16,331,751)	82,817,293	(9,824,387)
Treasury stock, at cost	-	(133,461,589)	-	-	-	-
Accumulated other comprehensive loss	(360,015,779)	100	-	-	-	-
Total Shareholders' Equity (Deficit)	(1,007,514,858)	673,453,829	44,104,518	17,721,716	138,828,875	(9,823,387)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 1,778,997,295	\$ 700,633,116	\$ 159,798,322	\$ 17,840,736	\$ 176,540,760	\$ (9,831,024)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	Litigation Management, Inc.	Grace Europe, Inc.	L. B. Rea, Inc.	Grace International Holdings, Inc.	Darex Puerto Rico, Inc.	Alewife Land Corporation
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ (657)	\$ -	\$ -	\$ 3,316,976	\$ -
Accounts and other receivables, net	-	92,002	-	-	2,460,861	-
Receivables from/(payables to) filing and non-filing entities, net	(386,938,460)	5,651,811	140,524,854	(84,749,767)	(820,172)	(4,195,603)
Inventories	-	(0)	-	-	262,951	-
Deferred income taxes	-	83,326	-	-	4,084	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(386,938,460)	5,826,481	140,524,854	(84,749,767)	5,224,701	(4,195,603)
Properties and equipment, net	-	-	-	-	678,223	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	484,558,903	(3,280,435)	-	83,583,047	-	-
Investment in filing and non-filing entities	-	-	-	58,669,464	-	-
Other assets	-	54,000	-	(4,832,556)	243,363	-
Total Assets	\$ 97,620,443	\$ 2,600,045	\$ 140,524,854	\$ 52,670,188	\$ 6,146,291	\$ (4,195,603)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	24,733	-	23,688	350,074	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	354,416	-	-	211,955	-
Total Current Liabilities	-	379,149	-	23,688	562,029	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	0	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	379,149	-	23,688	562,029	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	133,907	-
Income taxes payable	17,309,023	(909,032)	(150)	(2,789,663)	2,224,574	(62,087)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	238,073	-	-	-	-
Total Liabilities Subject to Compromise	17,309,023	(670,959)	(150)	(2,789,663)	2,358,481	(62,087)
Total Liabilities	17,309,023	(291,810)	(150)	(2,765,975)	2,920,511	(62,087)
Shareholders' Equity (Deficit)						
Preferred Stock	112	-	-	-	-	-
Common Stock	1,000	1,000	-	1,000	1,000	200
Paid in capital	(29,267,410)	-	25,358,993	61,845,489	-	274,606
(Accumulated deficit)/Retained earnings	109,577,718	(484,337)	115,166,011	(50,673,248)	3,224,780	(4,408,321)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	3,375,193	-	44,262,923	-	-
Total Shareholders' Equity (Deficit)	80,311,420	2,891,855	140,525,004	55,436,163	3,225,780	(4,133,516)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 97,620,443	\$ 2,600,045	\$ 140,524,854	\$ 52,670,188	\$ 6,146,291	\$ (4,195,603)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	Alhwin Boston Ltd.	Five Alhwin Boston Ltd.	GNI Holdings, Inc.	MRA Holdings Corp.	MRA Intermedco, Inc.	MRA Staffing Systems, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(2,143,580)	-	(57,817,172)	(110)	(330)	(16,653)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(2,143,580)	-	(57,817,172)	(110)	(330)	(16,653)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	34,053,467	54,500,000	54,500,000	56,011,577
Other assets	-	-	-	-	-	-
Total Assets	\$ (2,143,580)	\$ -	\$ (23,763,706)	\$ 54,499,890	\$ 54,499,670	\$ 55,994,924
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(210)	-	-	(110)	(330)	(4,062)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(210)	-	-	(110)	(330)	(4,062)
Total Liabilities	(210)	-	-	(110)	(330)	(4,062)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	931,540	1	130	130
Paid in capital	-	-	9,408,460	54,499,999	54,499,870	54,499,870
(Accumulated deficit)/Retained earnings	(2,143,370)	-	(34,103,706)	-	-	1,498,986
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	(2,143,370)	-	(23,763,706)	54,500,000	54,500,000	55,998,986
Total Liabilities and Shareholders' Equity (Deficit)	\$ (2,143,580)	\$ -	\$ (23,763,706)	\$ 54,499,890	\$ 54,499,670	\$ 55,994,924

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	Kootenai Development Company	CB Biomedical, Inc.	Amicon, Inc.	Grace Environmental, Inc.	Grace Chemical Company of Cuba	Southern Oil, Resin & Fiberglass, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 17,363	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(10,483)	(26,614,022)	57,347,191	(7,283,826)	-	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	6,437	-	-	-	-	-
Total Current Assets	13,317	(26,614,022)	57,347,191	(7,283,826)	-	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	1,630,940	-	-	-	-	-
Total Assets	\$ 1,644,257	\$ (26,614,022)	\$ 57,347,191	\$ (7,283,826)	\$ -	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	551,649	5,000	-	-	-	-
Total Current Liabilities	551,649	5,000	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	551,649	5,000	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(4,254)	(195)	10,346,794	(230)	-	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(4,254)	(195)	10,346,794	(230)	-	-
Total Liabilities	547,395	4,805	10,346,794	(230)	-	-
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	-	5,150	-	-
Paid in capital	1,104,954	859,233	3,671,658	5,144,850	-	-
(Accumulated deficit)/Retained earnings	(8,092)	(27,478,060)	43,427,950	(12,433,596)	-	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	(99,212)	-	-	-
Total Shareholders' Equity (Deficit)	1,096,862	(26,618,827)	47,000,396	(7,283,596)	-	-
Total Liabilities and Shareholders' Equity (Deficit)	\$ 1,644,257	\$ (26,614,022)	\$ 57,347,191	\$ (7,283,826)	\$ -	\$ -

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****July 31, 2004**

	Guanica-Caribe Land Development Corporation	Dewey & Almy, LLC	A-1 Bit & Tool Co., Inc.	Grace Tarpon Investors, Inc.	G.C. Limited Partners I, Inc.	Monolith Enterprises, Incorporated
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	5,824,284	(102,989)	(1,119,103)	10,284,124	330	(2,417,714)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	5,824,284	(101,989)	(1,119,103)	10,284,124	330	(2,417,714)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	94,022	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 5,824,284	\$ (7,966)	\$ (1,119,103)	\$ 10,284,124	\$ 330	\$ (2,417,714)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	3	-	-
Total Current Liabilities	-	-	-	3	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	3	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(110)	-	(110)	(560)	(560)	(450)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(110)	-	(110)	(560)	(560)	(450)
Total Liabilities	(110)	-	(110)	(557)	(560)	(450)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	2,000	29,000	1,000	1,000	26,000
Paid in capital	5,823,446	-	-	3,136,087	-	9,988,414
(Accumulated deficit)/Retained earnings	(52)	(9,966)	(1,147,993)	7,147,595	(110)	(12,431,678)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	5,824,394	(7,966)	(1,118,993)	10,284,682	890	(2,417,264)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 5,824,284	\$ (7,966)	\$ (1,119,103)	\$ 10,284,124	\$ 330	\$ (2,417,714)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****July 31, 2004**

	Grace Culinary Systems, Inc.	Grace Hotel Services Corporation	Monroe Street, Inc.	Grace H-G Inc	Hanover Square Corporation	Ecarg, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	(26,312,455)	(5,132,933)	(3,350,634)	(2,509,849)	840	(1,230,613)
Properties and equipment, net	-	-	-	-	-	1,184,871
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ (26,312,455)	\$ (5,132,933)	\$ (3,350,634)	\$ (2,509,849)	\$ 840	\$ (45,742)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	(818)	(110)	(210)	(110)	(30)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	-	(818)	(110)	(210)	(110)	(30)
Total Liabilities	-	(818)	(110)	(210)	(110)	(30)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	-	-	1,000	1,000	1,000	50
Paid in capital	-	-	-	-	-	50
(Accumulated deficit)/Retained earnings	(26,312,455)	(5,132,115)	(3,351,524)	(2,510,639)	(50)	(45,812)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	(26,312,455)	(5,132,115)	(3,350,524)	(2,509,639)	950	(45,712)
Total Liabilities and Shareholders' Equity (Deficit)	\$ (26,312,455)	\$ (5,132,933)	\$ (3,350,634)	\$ (2,509,849)	\$ 840	\$ (45,742)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	W.R. Grace Land Corporation	G.C. Management, Inc.	Water Street Corporation	Del Taco Restaurants, Inc.	W.R. Grace Capital Corporation	Gloucester New Communities Company, Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	36,708,324	-	(73,061)	(12,559,518)	(264,683)	(19,468,959)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	36,708,324	-	(73,061)	(12,559,518)	(264,683)	(19,468,459)
Properties and equipment, net	-	-	-	-	438,445	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	6,284,806	-	-	-	-	-
Other assets	-	-	-	-	-	4,066
Total Assets	\$ 42,993,130	\$ -	\$ (73,061)	\$ (12,559,518)	\$ 173,757	\$ (19,464,393)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	4,066
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	199	2,933
Total Current Liabilities	-	-	-	-	199	7,000
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	(7,650)
Total Liabilities Not Subject to Compromise	-	-	-	-	199	(650)
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(812)	-	(110)	(265)	(759)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(812)	-	(110)	(265)	(759)	-
Total Liabilities	(812)	-	(110)	(265)	(560)	(650)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	5,000	-	1,000	85,539	1,000	5,000
Paid in capital	19,577,160	-	-	6,541,055	4,000	6,000,000
(Accumulated deficit)/Retained earnings	23,411,782	-	(73,951)	(19,185,847)	169,317	(25,468,742)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	42,993,942	-	(72,951)	(12,559,253)	174,317	(19,463,742)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 42,993,130	\$ -	\$ (73,061)	\$ (12,559,518)	\$ 173,757	\$ (19,464,393)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	Creative Food N' Fun Company	Grace PAR Corporation	Grace A.B. Inc.	Homco International, Inc.	GPC Thomasville Corp.	Grace Ventures Corp.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	23,478,912	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	23,478,912	6,345,361	810,265	(59,581,637)	(185)	(86,721)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 23,478,912	\$ 6,345,361	\$ 810,265	\$ (59,581,637)	\$ (185)	\$ (86,721)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(1,237)	(300)	(335)	(405)	(185)	(110)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(1,237)	(300)	(335)	(405)	(185)	(110)
Total Liabilities	(1,237)	(300)	(335)	(405)	(185)	(110)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,090,000	1,000	1,000	303,000	-	-
Paid in capital	33,631,999	18,090,032	-	37,765,000	-	1,900,000
(Accumulated deficit)/Retained earnings	(11,241,851)	(11,745,371)	809,600	(97,649,232)	-	(1,986,611)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	23,480,148	6,345,661	810,600	(59,581,232)	-	(86,611)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 23,478,912	\$ 6,345,361	\$ 810,265	\$ (59,581,637)	\$ (185)	\$ (86,721)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	Grace Energy Corporation	GEC Management Corporation	Grace Offshore Company	Coalgrace, Inc.	Grace A-B II Inc.	Grace H-G II Inc.
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	352,712,699	4,389,612	(15,750,664)	5,296,864	875,359	(5,239)
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	352,712,699	4,389,612	(15,750,664)	5,296,864	875,359	(5,289)
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	(35,903,123)	(14,135,725)	-	-	-	-
Investment in filing and non-filing entities	187,272,210	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 504,081,786	\$ (9,746,113)	\$ (15,750,664)	\$ 5,296,864	\$ 875,359	\$ (5,289)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	-	-	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(119)	(110)	-	(335)	(310)	(235)
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(119)	(110)	-	(335)	(310)	(235)
Total Liabilities	(119)	(110)	-	(335)	(310)	(235)
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	(114,960)	100	1,000	1,000
Paid in capital	451,425,156	(2,089,027)	34,215,000	-	-	-
(Accumulated deficit)/Retained earnings	52,655,749	(7,657,976)	(49,850,704)	5,297,099	874,669	(6,054)
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	504,081,905	(9,746,003)	(15,750,664)	5,297,199	875,669	(5,054)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 504,081,786	\$ (9,746,113)	\$ (15,750,664)	\$ 5,296,864	\$ 875,359	\$ (5,289)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conri as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	Coalgrace II, Inc.	Gracoal II, Inc.	Gracoal, Inc.	Grace Drilling Company	Grace Petroleum Libya Incorporated	Axial Basin Ranch Company
ASSETS						
Current Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	108,105	130,215,583	145,239,206	(81,115,113)	47,407,796	-
Inventories	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total Current Assets	108,105	130,215,583	145,239,206	(81,115,113)	47,407,796	-
Properties and equipment, net	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-
Asbestos-related insurance receivable	-	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-	-
Investment in filing and non-filing entities	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total Assets	\$ 108,105	\$ 130,215,583	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Liabilities Not Subject to Compromise						
Current Liabilities						
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-
Income taxes payable	-	-	-	-	-	-
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt payable after one year	-	-	-	-	-	-
Deferred income taxes	-	27,277,846	27,277,846	-	-	-
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Not Subject to Compromise	-	27,277,846	27,277,846	-	-	-
Liabilities Subject to Compromise						
Debt, pre-petition plus accrued interest	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	-
Income taxes payable	(335)	1,749,665	1,749,790	(480)	(110)	-
Asbestos-related liability	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities Subject to Compromise	(335)	1,749,665	1,749,790	(480)	(110)	-
Total Liabilities	(335)	29,027,511	29,027,636	(480)	(110)	-
Shareholders' Equity (Deficit)						
Preferred Stock	-	-	-	-	-	-
Common Stock	1,000	1,000	100	124,473	1,000	-
Paid in capital	-	30,293,750	13,880,108	51,173,713	7,308,934	-
(Accumulated deficit)/Retained earnings	107,440	70,893,322	102,331,362	(132,412,819)	40,097,972	-
Treasury stock, at cost	-	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	-	-	-
Total Shareholders' Equity (Deficit)	108,440	101,188,072	116,211,570	(81,114,633)	47,407,906	-
Total Liabilities and Shareholders' Equity (Deficit)	\$ 108,105	\$ 130,215,583	\$ 145,239,206	\$ (81,115,113)	\$ 47,407,796	\$ -

Note #3

Certain contingent liabilities of divestec businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities
Combining Balance Sheet
MOR - 3
July 31, 2004

	Hayden-Gulch West Coal Company	H-G Coal Company	Eliminations between Filing Entities	Conversion to Equity Method	Reporting Reclasses
ASSETS					
Current Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and other receivables, net	-	-	-	-	-
Receivables from/(payables to) filing and non-filing entities, net	-	-	-	-	-
Inventories	-	-	-	-	-
Deferred income taxes	-	-	-	-	(6,208,228)
Other current assets	-	-	-	-	-
Total Current Assets	-	-	-	-	(6,208,228)
Properties and equipment, net	-	-	-	-	-
Goodwill	-	-	-	-	-
Cash value of company owned life insurance, net of policy loans	-	-	-	-	-
Deferred income taxes	-	-	-	-	(197,495,433)
Asbestos-related insurance receivable	-	-	-	-	-
Loans receivable from/(payable to) filing and non-filing entities, net	-	-	-	-	-
Investment in filing and non-filing entities	-	-	(1,316,202,717)	229,790,695	2,000,000
Other assets	-	-	(1,101,282)	-	-
Total Assets	\$ -	\$ -	\$ (1,317,303,999)	\$ 229,790,695	\$ (201,703,661)
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
Liabilities Not Subject to Compromise					
Current Liabilities					
Debt payable within one year	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	5,000,000
Asbestos-related liability expected to be disbursed within one year	-	-	-	-	-
Other current liabilities	-	-	-	-	(16,908,228)
Total Current Liabilities	-	-	-	-	(11,908,228)
Debt payable after one year	-	-	-	-	-
Deferred income taxes	-	-	-	-	(197,495,433)
Asbestos-related liability expected to be disbursed after one year	-	-	-	-	-
Other liabilities	-	-	(100,000)	-	-
Total Liabilities Not Subject to Compromise	-	-	(100,000)	-	(209,403,661)
Liabilities Subject to Compromise					
Debt, pre-petition plus accrued interest	-	-	-	-	-
Accounts payable	-	-	-	-	-
Income taxes payable	-	-	-	-	-
Asbestos-related liability	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total Liabilities Subject to Compromise	-	-	-	-	-
Total Liabilities	-	-	(100,000)	-	(209,403,661)
Shareholders' Equity (Deficit)					
Preferred Stock	-	-	-	-	-
Common Stock	-	-	(86,493,960)	-	-
Paid in capital	-	-	(1,209,470,000)	-	-
(Accumulated deficit)/Retained earnings	-	-	(21,240,039)	258,899,522	2,000,000
Treasury stock, at cost	-	-	-	-	-
Accumulated other comprehensive loss	-	-	-	(29,108,827)	5,700,000
Total Shareholders' Equity (Deficit)	-	-	(1,317,203,999)	229,790,695	7,700,000
Total Liabilities and Shareholders' Equity (Deficit)	\$ -	\$ -	\$ (1,317,303,999)	\$ 229,790,695	\$ (201,703,661)

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

W.R. Grace & Co. - Chapter 11 Filing Entities**Combining Balance Sheet****MOR - 3****July 31, 2004**

	COMBINED FILING ENTITIES
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 208,992,332
Accounts and other receivables, net	117,594,198
Receivables from/(payables to) filing and non-filing entities, net	40,812,165
Inventories	79,062,378
Deferred income taxes	26,531,524
Other current assets	20,738,860
Total Current Assets	493,731,458
Properties and equipment, net	364,769,319
Goodwill	14,499,090
Cash value of company owned life insurance, net of policy loans	95,802,861
Deferred income taxes	612,335,826
Asbestos-related insurance receivable	263,411,692
Loans receivable from/(payable to) filing and non-filing entities, net	358,520,083
Investment in filing and non-filing entities	397,879,383
Other assets	77,216,158
Total Assets	\$ 2,678,165,869
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	
Liabilities Not Subject to Compromise	
Current Liabilities	
Debt payable within one year	\$ 0
Accounts payable	43,474,270
Income taxes payable	5,000,268
Asbestos-related liability expected to be disbursed within one year	-
Other current liabilities	81,916,845
Total Current Liabilities	130,391,383
Debt payable after one year	-
Deferred income taxes	-
Asbestos-related liability expected to be disbursed after one year	0
Other liabilities	266,065,503
Total Liabilities Not Subject to Compromise	396,456,886
Liabilities Subject to Compromise	
Debt, pre-petition plus accrued interest	558,260,981
Accounts payable	31,393,877
Income taxes payable	226,658,156
Asbestos-related liability	987,887,737
Other liabilities	643,095,857
Total Liabilities Subject to Compromise	2,447,296,608
Total Liabilities	2,843,753,494
Shareholders' Equity (Deficit)	
Preferred Stock	112
Common Stock	774,128
Paid in capital	430,217,903
(Accumulated deficit)/Retained earnings	(127,232,577)
Treasury stock, at cost	(133,461,589)
Accumulated other comprehensive loss	(335,885,602)
Total Shareholders' Equity (Deficit)	(165,587,625)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 2,678,165,869

Note #3

Certain contingent liabilities of divested businesses are included on the balance sheet of W. R. Grace & Co. - Conn as it is not practical to determine which Debtor bears the ultimate obligation.

Chart 5

W. R. Grace & Co. - Conn Status of Postpetition Taxes MOR-4 July 31, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ 12,423	\$ 2,186,317	\$ (2,186,317)	\$ 12,423
FICA - Employee	4,661	1,214,090	(1,213,662)	5,089
FICA and payroll- Employer	(308,619)	1,216,941	325,094	1,233,416
Unemployment	-	3,258	(3,258)	-
Other	-	10,653	(10,653)	-
Total Federal Taxes	\$ (291,535)	\$ 4,631,259	\$ (3,088,796)	\$ 1,250,928
State and Local				
Withholding	\$ -	\$ 779,965	\$ (779,965)	\$ -
Sales & Use	537,881	342,351	(339,934)	540,298
Property Taxes	2,976,521	414,643	(93,104)	3,298,060
Other	-	-	-	-
Total State and Local	\$ 3,514,402	\$ 1,536,959	\$ (1,213,003)	\$ 3,838,358
Total Taxes	\$ 3,222,867	\$ 6,168,218	\$ (4,301,799)	\$ 5,089,286

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Remedium Group, Inc. Status of Postpetition Taxes MOR-4 July 31, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ 13,950	\$ (13,950)	\$ -
FICA - Employee	-	1,732	(1,732)	-
FICA and payroll- Employer	-	1,732	(1,732)	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ 17,414	\$ (17,414)	\$ -
State and Local				
Withholding	\$ -	\$ 633	\$ (633)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ 633	\$ (633)	\$ -
Total Taxes	\$ -	\$ 18,047	\$ (18,047)	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Grace Washington, Inc. Status of Postpetition Taxes MOR-4 July 31, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ 4,466	\$ (4,466)	\$ -
FICA - Employee	-	239	(239)	-
FICA and payroll- Employer	-	239	(239)	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ 4,944	\$ (4,944)	\$ -
State and Local				
Withholding	\$ -	\$ 916	\$ (916)	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ 916	\$ (916)	\$ -
Total Taxes	\$ -	\$ 5,860	\$ (5,860)	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

L B Realty, Inc. Status of Postpetition Taxes MOR-4 July 31, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	-	-	-	-
FICA and payroll- Employer	-	-	-	-
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ -	\$ -	\$ -	\$ -
State and Local				
Withholding	\$ -	\$ -	\$ -	\$ -
Sales & Use	-	-	-	-
Property Taxes	-	-	-	-
Other	-	-	-	-
Total State and Local	\$ -	\$ -	\$ -	\$ -
Total Taxes	\$ -	\$ -	\$ -	\$ -

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 5

Darex Puerto Rico, Inc. Status of Postpetition Taxes MOR-4 July 31, 2004				
	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Ending Tax Liability
Federal				
Withholding	\$ -	\$ -	\$ -	\$ -
FICA - Employee	(294)	688	(687)	(293)
FICA and payroll- Employer	2,384	688	(273)	2,799
Unemployment	-	-	-	-
Other	-	-	-	-
Total Federal Taxes	\$ 2,090	\$ 1,376	\$ (960)	\$ 2,506
State and Local				
Withholding	\$ 7	\$ 1,127	\$ (1,127)	\$ 7
Sales & Use	-	-	-	-
Property Taxes	312,092	4,064	(1)	316,155
Other	-	-	-	-
Total State and Local	\$ 312,099	\$ 5,191	\$ (1,128)	\$ 316,162
Total Taxes	\$ 314,189	\$ 6,567	\$ (2,088)	\$ 318,668

Note #4

Grace's information systems do not provide the detailed nature of invoices in Accounts Payable. See Debtor Questionnaire (Chart 7, MOR – 5) for attestation related to accounts payable and tax obligations.

Chart 6

W. R. Grace & Co. - Conn
Accounts Receivable Reconciliation and Aging
MOR-5
July 2004

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ 116,958,760
Amounts billed during the period	71,029,692
Amounts collected during the period	(82,480,399)
Other	4,156,501
Trade accounts receivable at the end of month, gross	\$ 109,664,554

Trade Accounts Receivable Aging

Current	\$ 78,976,483
1-30 days past due	22,580,394
31-60 days past due	5,951,368
+61 days past due	2,156,309
Trade accounts receivable, gross	109,664,554
Allowance for doubtful accounts	(791,535)
Trade accounts receivable, net	\$ 108,873,019

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ 108,873,019
Customer notes and drafts receivable	405,147
Pending customer credit notes	(36,852)
Advances and deposits	4,447,949
Nontrade receivables, net	1,352,072
Total notes and accounts receivable, net	\$ 115,041,335

Chart 6

Remedium Group, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
July 2004

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$	-
Amounts billed during the period		-
Amounts collected during the period		-
Other		-
Trade accounts receivable at the end of month, gross	\$	-

Trade Accounts Receivable Aging

Current	\$	-
1-30 days past due		-
31-60 days past due		-
+61 days past due		-
Trade accounts receivable, gross		-
Allowance for doubtful accounts		-
Trade accounts receivable, net	\$	-

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$	-
Customer notes and drafts receivable		-
Pending customer credit notes		-
Advances and deposits		-
Nontrade receivables, net		-
Total notes and accounts receivable, net	\$	-

Chart 6

Darex Puerto Rico, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
July 2004

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ 2,363,610
Amounts billed during the period	659,229
Amounts collected during the period	(543,470)
Other	(6,839)
Trade accounts receivable at the end of month, gross	\$ 2,472,530

Trade Accounts Receivable Aging

Current	\$ 1,778,855
1-30 days past due	523,329
31-60 days past due	130,055
+31 days past due	40,291
Trade accounts receivable, gross	2,472,530
Allowance for doubtful accounts	(11,669)
Trade accounts receivable, net	\$ 2,460,861

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ 2,460,861
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	-
Total notes and accounts receivable, net	\$ 2,460,861

Chart 6

Grace Europe, Inc.
Accounts Receivable Reconciliation and Aging
MOR-5
July 2004

Trade Accounts Receivable Reconciliation

Trade accounts receivable, beginning of month, gross	\$ -
Amounts billed during the period	-
Amounts collected during the period	-
Other	-
Trade accounts receivable at the end of month, gross	\$ -

Trade Accounts Receivable Aging

Current	\$ -
1-30 days past due	-
31-60 days past due	-
+61 days past due	-
Trade accounts receivable, gross	-
Allowance for doubtful accounts	-
Trade accounts receivable, net	\$ -

Notes and Accounts Receivable Reconciliation

Trade accounts receivable, net	\$ -
Customer notes and drafts receivable	-
Pending customer credit notes	-
Advances and deposits	-
Nontrade receivables, net	92,002
Total notes and accounts receivable, net	\$ 92,002

Chart 7

W.R. Grace & Co., et al
Debtor Questionnaire
MOR - 5
July 2004

	Yes	No
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		X
2. Have any funds been disbursed from any account other than a debtor in possession account for this reporting period? If yes, provide an explanation below.		See Note #5 below
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	X	
4. Are workers compensation, general liability and other necessary insurance coverages in affect? If no, provide and explanation below.	X	
5. Are post-petition accounts payable and tax obligations current and paid to date? If no, provide an explanation.	X (unless disputed in normal course of business)	

Note #5

As part of the first day orders submitted to the court on April 2, 2001, an application for the Debtors to (a) continue and maintain their consolidated cash management system, (b) continue and maintain their existing bank accounts and (c) continue to use existing business forms and granting related relief was included. The Debtors have continued to use their existing bank accounts and no new debtor in possession accounts have been established.

List assets sold/transferred outside the normal course of business over \$25,000:		
Description of Asset	Sale Date	Proceeds

Combined Chapter 11 Filing Entity Statements

Chart 8

W. R. Grace & Co. - Chapter 11 Filing Entities				
Combined Statement of Operations				
In millions	Month Ended July 31,		Seven Months Ended July 31,	
	2004	2003	2004	2003
Net sales to third parties	\$ 71.7	\$ 75.1	\$ 505.5	\$ 476.1
Net sales to non-filing entities	22.8	20.7	154.2	97.8
Interest and royalties from non-filing entities	2.8	4.2	19.3	26.3
	97.3	100.0	679.0	600.2
Cost of goods sold to third parties	48.9	47.6	339.7	321.8
Cost of goods sold to non-filing entities	18.9	16.9	128.1	73.2
Selling, general and administrative expenses	21.8	17.9	151.4	130.9
Depreciation and amortization	4.6	5.0	33.0	36.4
Research and development expenses	2.7	2.9	20.1	24.6
Net pension expense	4.2	4.1	28.9	28.4
Interest expense	1.6	1.4	9.1	9.6
Other expense (income)	(0.1)	(1.3)	6.7	(10.0)
Provis on for environmental remediation	-	-	-	2.5
	102.6	94.5	717.0	617.4
(Loss) income before Chapter 11 expenses,				
income taxes and equity in net income of non-filing entities	(5.3)	5.5	(38.0)	(17.2)
Chapter 11 expenses, net	(0.7)	(1.3)	(8.2)	(10.8)
Provision for income taxes	(2.2)	(2.7)	(5.1)	(2.8)
(Loss) income before equity in net income				
of non-filing entities	(8.2)	1.5	(51.3)	(30.8)
Equity in net income of non-filing entities	14.7	8.0	94.9	44.5
Net income	\$ 6.5	\$ 9.5	\$ 43.6	\$ 13.7

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 9

W. R. Grace & Co. - Chapter 11 Filing Entities
Combined Functional Basis Statement of Cash Flows

<i>In millions</i>	Month Ended July 31, 2004	Seven Months Ended July 31, 2004
<u>Core operations cash flow</u>		
Pre-tax income from core operations	\$ (2.5)	\$ (14.4)
Depreciation and amortization	4.6	33.0
	2.1	18.6
Payments to fund defined benefit pension arrangements	(0.3)	(2.5)
Cash received from Non-Filing entity operating loans	-	15.6
Cash received from Non-Filing entity investment	-	0.9
Changes in all core assets/liabilities and other	10.0	(1.6)
Core Pre-tax Operating Cash Flow	11.8	131.0
Capital expenditures	(3.2)	(19.1)
Core Pre-tax Operating Free Cash Flow	8.6	111.9
<u>Charges against core reserves</u>		
Pension liabilities	-	-
Deferred compensation	-	(0.4)
Self insurance	-	-
Total Spending Against Core Reserves	-	(0.4)
Net Core Cash Flow	8.6	111.5
<u>Noncore cash flow</u>		
Proceeds from asset sales	-	1.3
Benefit proceeds under life insurance policies	0.9	11.4
Other noncore pretax cash flow	(0.2)	(2.1)
Noncore Pre-tax Cash Flow	0.7	10.6
<u>Charges against noncore reserves</u>		
Asbestos		
Asbestos claims processing	(0.6)	(4.4)
Less - insurance recovery	0.6	6.0
Net asbestos payments	-	1.6
Environmental remediation	(0.4)	(3.3)
Retained obligations and other	(0.2)	(0.9)
Postretirement benefits	(0.8)	(6.3)
Total Spending Against Noncore Reserves	(1.4)	(8.9)
Noncore Cash Flow	(0.7)	1.7
Total Pre-tax/Pre-Interest/Pre-Chapter 11 Cash Flow	7.9	113.2
Cash paid for taxes, net of refunds	(0.1)	(1.9)
Cash paid for interest, net	(0.3)	(1.1)
Chapter 11 expenses paid	(0.5)	(6.6)
Cash Flow before Strategic Investments	7.0	103.6
<u>Strategic Investments</u>		
Cash paid for businesses acquired	-	-
Proceeds from exercise of stock options	0.2	0.4
Cash used for Strategic Investments	0.2	0.4
Cash Flow after Strategic Investments	7.2	104.0
Borrowings under the debtor-in-possession facility, net of fees	(0.2)	(1.2)
Net (investing)/financing activities under life insurance policies	(0.2)	(14.3)
Net Cash Flow	\$ 6.8	\$ 88.5

The Notes to Combined Financial Statements are an integral part of these statements.

Chart 10

W. R. Grace & Co. - Chapter 11 Filing Entities

Combined Balance Sheet

In millions	July 31, 2004	December 31, 2003	April 2, 2001
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 209.0	\$ 120.5	\$ 8.6
Accounts and other receivables, net	117.6	105.6	43.8
Receivables from non-filing entities, net	40.9	46.2	51.2
Inventories	79.1	81.2	80.6
Deferred income taxes	26.5	26.0	80.9
Asbestos-related insurance expected to be realized within one year	-	-	17.0
Other current assets	20.7	21.9	21.9
Total Current Assets	493.8	401.4	304.0
Properties and equipment, net	364.8	383.9	400.4
Goodwill	14.5	14.5	13.6
Cash value of life insurance policies, net of policy loans	95.8	90.8	64.1
Deferred income taxes	612.3	587.9	401.0
Asbestos-related insurance expected to be realized after one year	263.4	269.4	323.4
Loans receivable from non-filing entities, net	358.5	448.0	387.5
Investment in non-filing entities	397.9	303.6	121.0
Other assets	77.2	78.2	308.5
Total Assets	\$ 2,678.2	\$ 2,577.7	\$ 2,323.5
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Liabilities Not Subject to Compromise			
Current Liabilities			
Debt payable within one year	\$ -	\$ -	\$ -
Accounts payable	43.5	38.3	-
Income taxes payable	5.0	5.0	-
Other current liabilities	82.0	54.7	-
Total Current Liabilities	130.5	98.0	-
Debt payable after one year	-	-	-
Other liabilities	266.1	191.2	31.8
Total Liabilities Not Subject to Compromise	396.6	289.2	31.8
Liabilities Subject to Compromise			
Debt, pre-petition plus accrued interest	558.3	552.7	511.5
Accounts payable	31.4	31.9	43.0
Income taxes payable	226.7	217.9	210.1
Asbestos-related liability	987.9	992.3	1,002.8
Other liabilities	643.0	657.5	598.6
Total Liabilities Subject to Compromise	2,447.3	2,452.3	2,366.0
Total Liabilities	2,843.9	2,741.5	2,397.8
Shareholders' Equity (Deficit)			
Common stock	0.8	0.8	0.8
Paid in capital	430.2	432.1	432.8
Accumulated deficit	(127.3)	(170.9)	(201.8)
Treasury stock, at cost	(133.5)	(135.9)	(136.4)
Accumulated other comprehensive loss	(335.9)	(289.9)	(169.5)
Total Shareholders' Equity (Deficit)	(165.7)	(163.8)	(74.3)
Total Liabilities and Shareholders' Equity (Deficit)	\$ 2,678.2	\$ 2,577.7	\$ 2,323.5

The Notes to Combined Financial Statements are an integral part of these statements.

W. R. Grace & Co.
Notes to Combined Financial Statements
July 31, 2004

1. Basis of Presentation and Summary of Significant Accounting and Financial Reporting Policies

W. R. Grace & Co., through its subsidiaries, is engaged in specialty chemicals and specialty materials businesses on a worldwide basis through two business segments: "Davison Chemicals," which includes two product groups - refining technologies and specialty materials; and "Performance Chemicals," which includes three product groups - specialty construction chemicals, building materials and sealants and coatings.

W. R. Grace & Co. conducts substantially all of its business through a direct, wholly owned subsidiary, W. R. Grace & Co.-Conn. ("Grace-Conn."). Grace-Conn. owns substantially all of the assets, properties and rights of W. R. Grace & Co. on a consolidated basis, either directly or through subsidiaries.

As used in these notes, the term "Company" refers to W. R. Grace & Co. The term "Grace" refers to the Company and/or one or more of its subsidiaries and, in certain cases, their respective predecessors.

VOLUNTARY BANKRUPTCY FILING

In response to a sharply increasing number of asbestos-related bodily injury claims, on April 2, 2001 (the "Filing Date"), W. R. Grace & Co. and 61 of its United States subsidiaries and affiliates, including Grace-Conn. (collectively, the "Debtors"), filed voluntary petitions for reorganization (the "Filing") under Chapter 11 of the United States Bankruptcy Code ("Chapter 11" or the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). The cases were consolidated and are being jointly administered under case number 01-01139 (the "Chapter 11 Cases"). Grace's non-U.S. subsidiaries and certain of its U.S. subsidiaries were not included in the Filing.

During 2000 and the first quarter of 2001, Grace experienced several adverse developments in its asbestos-related litigation, including: a significant increase in bodily injury claims, higher than expected costs to resolve bodily injury and certain property damage claims, and class action lawsuits alleging

damages from a former attic insulation product. After a thorough review of these developments, the Board of Directors of Grace concluded on April 2, 2001 that a federal court-supervised Chapter 11 process provided the best forum available to achieve predictability and fairness in the claims settlement process. Under Chapter 11, the Debtors have continued to operate their businesses as debtors-in-possession under court protection from their creditors and claimants, while using the Chapter 11 process to develop and implement a plan for addressing the asbestos-related claims against them. Since the Filing, all motions necessary to conduct normal business activities have been approved by the Bankruptcy Court.

The Debtors intend to address all of their pending and future asbestos-related claims and all other pre-petition claims in a plan of reorganization. The interests of the Company's shareholders could be substantially diluted or cancelled under a plan of reorganization. The value of Grace common stock following a plan of reorganization, and the extent of any recovery by non-asbestos-related creditors, will depend principally on the ultimate value assigned to Grace's asbestos-related claims, which will be addressed through the Bankruptcy Court proceedings.

Status of Chapter 11 Proceedings - As a consequence of the Filing, pending litigation against the Debtors for pre-petition matters is generally stayed (subject to certain exceptions in the case of governmental authorities), and no party may take action to realize its pre-petition claims except pursuant to an order of the Bankruptcy Court.

As provided by the Bankruptcy Code, the Debtors had the exclusive right to propose a plan of reorganization for a 120-day period following the Filing Date. The Debtors have received extensions of their exclusivity period through November 24, 2004, and extensions of the Debtors' exclusive right to solicit acceptances of a plan of reorganization through January 24, 2005. In connection with this most recent extension, the Debtors are required to file a proposed plan of reorganization by October 14, 2004. (See "*Plan of Reorganization*" for more information.)

Three creditors' committees, two representing asbestos claimants and the third representing other unsecured creditors, and a committee representing

shareholders have been appointed in the Chapter 11 Cases. These committees, and a legal representative of future asbestos claimants (appointed in May 2004), have the right to be heard on all matters that come before the Bankruptcy Court and are likely to play important roles in the Chapter 11 Cases. The Debtors are required to bear certain costs and expenses of the committees and of the future asbestos claimants' representative, including those of their counsel and financial advisors.

The Debtors' Chapter 11 cases had been assigned to Judge Alfred M. Wolin, a senior federal judge who sits in Newark, New Jersey. Judge Wolin was presiding over asbestos bodily injury matters and the fraudulent conveyance litigation described below. He assigned the Debtors' other bankruptcy matters to Judge Judith Fitzgerald, a U.S. bankruptcy judge from the Western District of Pennsylvania, sitting in Wilmington, Delaware. On May 17, 2004, a federal appeals court recused Judge Wolin and on May 27, 2004, Judge Ronald L. Buckwalter, a District Court Judge from the Eastern District of Pennsylvania, was assigned to the Chapter 11 cases.

Claims Filings – The Bankruptcy Court established a bar date of March 31, 2003 for claims of general unsecured creditors, asbestos-related property damage claims and medical monitoring claims related to asbestos. The bar date did not apply to asbestos-related bodily injury claims or claims related to Zonolite attic insulation ("ZAI"), which will be dealt with separately.

Approximately 15,000 proofs of claim were filed by the bar date. Of these claims, approximately 10,000 were non-asbestos related, approximately 4,000 were for asbestos-related property damage, and approximately 1,000 were for medical monitoring. In addition, approximately 500 proofs of claim were filed after the bar date.

Approximately 7,000 of the 10,000 non-asbestos related claims involve claims by employees or former employees for future retirement benefits such as pension and retiree medical coverage. Grace views most of these claims as contingent and does not plan to address them until a later date in the Chapter 11 proceeding. The other non-asbestos related claims include claims for payment for goods and services; taxes; product warranties; principal plus interest

under pre-petition credit facilities; amounts due under leases; leases and other executory contracts rejected in the Bankruptcy Court; environmental remediation; indemnification or contribution from actual or potential co-defendants in asbestos-related and other litigation; pending non-asbestos-related litigation; and non-asbestos related personal injury.

The Debtors' analysis indicates that many claims are duplicates, represent the same claim filed against more than one of the Debtors, lack any supporting documentation, or provide insufficient supporting documentation. As of July 31, 2004, the Debtors had filed with the Bankruptcy Court objections to approximately 1,400 claims, most objections of which were non-substantive (duplicates, no supporting documentation, late filed claims, etc.). The Debtors expect to file objections to a substantial number of additional claims, most objections of which will be substantive, as analysis and evaluation of the claims progresses. However, based on its initial claims analysis and other available information, Grace increased its estimated liability for asbestos-related litigation and environmental remediation in the fourth quarter of 2003. No other changes to Filing Date liabilities are deemed warranted as of July 31, 2004.

The medical monitoring claims were made by individuals who allege exposure to asbestos through Grace's products or operations. These claims, if sustained, would require Grace to fund ongoing health monitoring costs for qualified claimants. However, based on the number and expected cost of such claims, Grace does not believe such claims will have a material effect on its Consolidated Financial Statements. No specific liability has been established for these claims.

Grace believes that its recorded liabilities represent a reasonable estimate of the ultimate allowable amount for claims that are not in dispute or have been submitted with sufficient information to both evaluate merit and estimate the cost of the claim. However, because of the uncertainties of the Chapter 11 and litigation process, the in-progress state of Grace's efforts to resolve disputed claims, and the lack of documentation in support of many claims, such recorded liabilities may prove to be insufficient to satisfy all of such claims. As claims are resolved, or where better information becomes available and is evaluated, Grace will make adjustments to the

liabilities recorded on its financial statements as appropriate. Any such adjustments could be material to its consolidated financial position and results of operations.

Litigation Proceedings in Bankruptcy Court – In July 2002, the Bankruptcy Court approved special counsel to represent, at the Debtors' expense, the ZAI claimants in a proceeding to determine certain threshold scientific issues regarding ZAI. The Bankruptcy Court has established October 18 and 19, 2004 as the dates for oral arguments of pending motions.

In September 2000, Grace was named in a purported class action lawsuit filed in California Superior Court for the County of San Francisco, alleging that the 1996 reorganization involving a predecessor of Grace and Fresenius Medical Care Holdings, Inc. ("Fresenius") and the 1998 reorganization involving a predecessor of Grace and Sealed Air Corporation ("Sealed Air") were fraudulent transfers. The Bankruptcy Court authorized the Official Committee of Asbestos Personal Injury Claimants and the Official Committee of Asbestos Property Damage Claimants to proceed with claims against Fresenius and Sealed Air on behalf of the Debtors' estates.

On November 29, 2002, Sealed Air and Fresenius each announced that they had reached agreements in principle with such Committees to settle asbestos and fraudulent conveyance claims related to such transactions. Under the terms of the Fresenius settlement, as subsequently revised and subject to certain conditions, Fresenius would contribute \$115.0 million to the Debtors' estate as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization, subject to the fulfillment of specified conditions. In July 2003, the Fresenius settlement was approved by the Bankruptcy Court. Under the terms of the proposed Sealed Air settlement, Sealed Air would make a payment of \$512.5 million (plus interest at 5.5% per annum, commencing on December 21, 2002) and nine million shares of Sealed Air common stock (valued at \$427.0 million as of July 31, 2004), as directed by the Bankruptcy Court upon confirmation of the Debtors' plan of reorganization. The Sealed Air settlement has not been agreed to by the Debtors and remains subject to the approval of the Bankruptcy Court and the fulfillment of specified conditions. The Debtors are

unable to predict how these settlements may ultimately affect their plan of reorganization.

Plan of Reorganization – As noted under "Status of Chapter 11 Proceedings," the Debtors are required to submit a proposed plan of reorganization (the "Plan") by October 14, 2004. In the Plan, the Debtors will propose how to resolve their pre-petition liabilities and contingencies, including undisputed trade-related, employee-related and financing-related claims, as well as liabilities associated with asbestos-related litigation, environmental remediation, tax matters and other claims filed with the Bankruptcy Court that the Debtors may dispute.

The Chapter 11 proceedings, including the proposed Plan due in October or any revised Plan, could result in allowable claims that differ materially from recorded amounts or amounts in the proposed Plan. Grace will continue to adjust its estimates of allowable claims as facts come to light during the Chapter 11 process that justify a change, and as Chapter 11 proceedings establish the amount of Grace's pre-petition liabilities.

Impact on Debt Capital – All of the Debtors' pre-petition debt is in default due to the Filing. The accompanying Consolidated Balance Sheet as of July 31, 2004 reflects the classification of the Debtors' pre-petition debt within "liabilities subject to compromise."

The Debtors have entered into a debtor-in-possession post-petition loan and security agreement with Bank of America, N.A. (the "DIP facility") in the aggregate amount of \$250 million. The term of the DIP facility expires on April 1, 2006.

Accounting Impact – The accompanying Consolidated Financial Statements have been prepared in accordance with Statement of Position 90-7 ("SOP 90-7"), "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code," promulgated by the American Institute of Certified Public Accountants. SOP 90-7 requires that financial statements of debtors-in-possession be prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. However, as a result of the Filing, the realization of certain of Debtors' assets and the liquidation of

certain of Debtors' liabilities are subject to significant uncertainty. While operating as debtors-in-possession, the Debtors may sell or otherwise dispose of assets and liquidate or settle liabilities for amounts other than those reflected in the Consolidated Financial Statements. Further, a plan of reorganization could materially change the amounts and classifications reported in the Consolidated Financial Statements, which do not currently give effect to any adjustments to the carrying value or classification of assets or liabilities that might be necessary as a consequence of a plan of reorganization.

Pursuant to SOP 90-7, Grace's pre-petition liabilities that are subject to compromise are required to be reported separately on the balance sheet at an estimate of the amount that will ultimately be allowed by the Bankruptcy Court. As of July 31, 2004, such pre-petition liabilities include fixed obligations (such as debt and contractual commitments), as well as estimates of costs related to contingent liabilities (such as asbestos-related litigation, environmental remediation, and other claims). The recorded amounts of such liabilities generally reflect accounting measurements as of the Filing Date, adjusted as warranted for changes in facts and circumstances, new information obtained in the claims review process, and/or rulings under Grace's Chapter 11 proceedings subsequent to the Filing. Obligations of Grace subsidiaries not covered by the Filing continue to be classified on the Consolidated Balance Sheets based upon maturity dates or the expected dates of payment. SOP 90-7 also requires separate reporting of certain expenses, realized gains and losses, and provisions for losses related to the Filing as reorganization items.

Basis of Presentation

The interim Combined Financial Statements presented herein represent the results of operations, cash flows and financial position of the Debtors. These financial statements pertain to periods beginning with, and subsequent to, the Filing Date and have been prepared in conformity with requirements of the Bankruptcy Court. Consequently, these financial statements do not purport to present the financial performance of W. R. Grace & Co. in conformity with generally accepted accounting principles which would require the

consolidation of all controlled subsidiaries and more extensive notes and analysis related to the worldwide operations of W. R. Grace & Co. Financial activity of non-Debtor entities is not presented herein. However, all non-Debtor entities are either directly or indirectly controlled by the Debtors and, accordingly, non-Debtor financial results are reflected under the equity method of accounting. These financial statements are unaudited and should be read in conjunction with the consolidated financial statements presented in W. R. Grace & Co.'s 2003 Form 10-K and when filed, its 2004 Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission.

These interim Combined Financial Statements reflect all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented under generally accepted accounting principles; all such adjustments are of a normal recurring nature. All significant inter-Debtor accounts and transactions have been eliminated. Transactions and balances with non-Debtor entities are separately disclosed. Certain amounts in prior years' Combined Financial Statements have been reclassified to conform to the 2004 presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires that management make estimates and assumptions affecting the assets and liabilities reported at the date of the Consolidated Financial Statements, and the revenues and expenses reported for the periods presented. Actual amounts could differ from those estimates. Changes in estimates are recorded in the period identified. Grace's accounting measurements that are most affected by management's estimates of future events are:

- Contingent liabilities such as asbestos-related matters, environmental remediation, income taxes, and retained obligations of divested businesses.
- Pension and post-retirement liabilities that depend on assumptions regarding discount rates and/or total returns on invested funds.

- Depreciation and amortization periods for long-lived assets, including property and equipment, intangible, and other assets.
- Realization values of various assets such as net deferred tax assets, trade receivables, inventories, insurance receivables, income taxes, and goodwill.

The accuracy of these and other estimates may also be materially affected by the uncertainties arising under the Chapter 11 Cases.

2. Chapter 11 Related Financial Information

As a result of the Filing, Grace's Consolidated Balance Sheets separately identify the liabilities that are "subject to compromise" as a result of the Chapter 11 proceedings. In Grace's case, "liabilities subject to compromise" represent pre-petition liabilities as determined under U.S. generally accepted accounting principles. Changes to the recorded amount of such liabilities will be based on developments in the Chapter 11 Cases and management's assessment of the claim amounts that will ultimately be allowed by the Bankruptcy Court. Changes to pre-petition liabilities subsequent to the Filing Date reflect: 1) cash payments under approved court orders; 2) the accrual of interest on pre-petition debt at the pre-petition contractual rate; 3) accruals for employee-related programs; and 4) changes in estimates related to pre-petition contingent liabilities.

Set forth below is a reconciliation of the changes in pre-filing date liability balances for the period from the Filing Date through July 31, 2004.

(In millions)	Current Month	Cumulative Since Filing
Balance, beginning of period	\$ 2,447.5	\$ 2,366.0
Cash disbursements and/or reclassifications under Bankruptcy Court orders:		
Freight and distribution order ...	--	(5.7)
Trade accounts payable order ...	--	(9.1)
Other court orders including employee wages and benefits, sales and use tax and customer programs	(1.3)	(208.1)
Expense/(income) items:		
Interest on pre-petition debt	1.1	53.2
Employee-related accruals	--	12.5
Change in estimate of asbestos-related property damage contingencies	--	30.0
Change in estimate of environmental contingencies	--	219.0
Change in estimate of income tax contingencies	--	15.2
Balance sheet reclassifications	--	(25.7)
Balance, end of period	\$ 2,447.3	\$ 2,447.3

Pre-Filing Date obligations allowable under current court orders and expected to be paid prior to an adopted plan of reorganization are classified as "liabilities not subject to compromise." Additional liabilities subject to compromise may arise due to the rejection of executory contracts or unexpired leases, or as a result of the allowance of contingent or disputed claims.

3. Other Balance Sheet Accounts

	2004	Filing Date
Accounts and other receivables, net		
Trade receivables, less allowance of \$0.8 (Filing Date - \$0.7)	\$ 111.7	\$ 32.3
Other receivables, less allowance of \$1.7 (Filing Date - \$2.1)	5.9	11.5
	\$ 117.6	\$ 43.8
Inventories		
Raw materials	\$ 20.6	\$ 20.3
In process	21.5	16.2
Finished products	60.7	63.8
General merchandise	11.5	9.6
Less: Adjustment of certain inventories to a last-in/first-out (LIFO) basis	(35.2)	(29.3)
	\$ 79.1	\$ 80.6
Other Assets		
Deferred pension costs	\$ 5.7	\$ 227.9
Deferred charges	29.3	40.4
Long-term receivables	8.4	1.9
Long-term investments	--	2.1
Patents, licenses and other intangible assets	13.2	25.2
Pension - unamortized prior service cost	20.7	8.1
Other assets	(0.1)	2.9
	\$ 77.2	\$ 308.5
Other Current Liabilities		
Accrued compensation	\$ 45.0	\$ --
Accrued commissions	5.6	--
Customer programs	13.0	--
Accrued utilities	0.3	--
Accrued freight	2.9	--
Other accrued liabilities	15.2	--
	\$ 82.0	\$ --
Other Liabilities		
Deferred royalty income - non-filing entities	--	31.8
Pension - underfunded plans	259.3	--
Other accrued liabilities	6.8	--
	\$ 266.1	\$ 31.8
Other Liabilities Subject to Compromise		
Other postretirement benefits	\$ 126.3	\$ 185.4
Environmental remediation	329.2	164.8
Retained obligations of divested businesses	56.2	75.5
Special pension arrangements	70.6	70.8
Deferred compensation	4.7	8.2
Self insurance reserve	20.6	11.8
Other accrued liabilities	35.4	82.1
	\$ 643.0	\$ 598.6

4. Life Insurance

Grace is the beneficiary of life insurance policies on certain current and former employees with a net cash surrender value of \$95.8 million at July 31, 2004. The policies were acquired to fund various employee benefit programs and other long-term liabilities and are structured to provide cash flow (primarily tax-free) over an extended number of years. The following table summarizes the net cash value at July 31, 2004 and Filing Date:

Components of Net Cash Value (In millions)	July 31, 2004	Filing Date
Gross cash value	\$ 473.1	\$ 453.7
Principal - policy loans	(368.0)	(390.3)
Accrued interest - policy loans	(9.3)	0.7
Net cash value	\$ 95.8	\$ 64.1
Insurance benefits in force	\$ 2,191.6	\$ 2,286.0

Grace's financial statements display income statement activity and balance sheet amounts on a net basis, reflecting the contractual interdependency of policy assets and liabilities.

5. Debt

On July 31, 2004, and Filing Date, Grace's debt was as follows:

Components of Debt (In millions)	July 31, 2004	Filing Date
Debt payable within one year		
DIP facility	\$ --	\$ --
Other short-term borrowings	--	--
	\$ --	\$ --
Debt payable after one year		
DIP facility	\$ --	\$ --
Other long-term borrowings	--	--
	\$ --	\$ --
Debt Subject to Compromise		
Bank borrowings	\$ 500.0	\$ 500.0
8.0% Notes Due 2004	--	5.7
7.75% Notes Due 2002	--	2.0
Other borrowings	2.8	1.2
Accrued interest	55.5	2.6
	\$ 558.3	\$ 511.5

In April 2001, the Debtors entered into the DIP facility for a two-year term in the aggregate amount of \$250 million. The DIP facility is secured by a priority lien on substantially all assets of the Debtors, and bears interest based on LIBOR. The Debtors'

have extended the term of the DIP facility through April 1, 2006. Grace had no outstanding borrowings under the DIP facility as of July 31, 2004; however, \$27.2 million of standby letters of credit were issued and outstanding under the facility. The letters of credit, which reduce available funds under the facility, were issued mainly for trade-related matters such as performance bonds and certain insurance and environmental matters.

The 7.75% Notes were repaid on June 11, 2001, and the 8.0% Notes were repaid on August 15, 2001, by the unaffiliated guarantor of the Notes. Grace's liability with respect to these notes is included in other liabilities subject to compromise as of July 31, 2004.

Bank Statements

JPMorgan Chase Bank



Statement of Account

W R GRACE & CO
C/O CORPORATE ACCOUNTING
7500 GRACE DRIVE
COLUMBIA MD 21044-4098

TS

Account No:
Statement Start Date:
Statement End Date:
Statement Cycle:
Statement Ref:

In US Dollars
916.L079572
29 MAY 2004
30 JUN 2004
005-USA-21
005
Page 1 of 4

Total Credits	2	200,000.00	Opening (30 MAY 2004)	Closing (30 JUN 2004)		
Total Debits (incl. checks)	22	207,468.73	Ledger	Ledger	124,018.00	Credits 0
Total Checks Paid	0	0.00	Collected	Collected	124,018.00	Debits 0
						Checks 0

			LEADER BALANCES	
14JUN	14JUN	USD YOUR: CAP OF 04/06/14 CUR: 251170014630	100,000.00	01JUN 124,735.87
				02JUN 110,172.71
				03JUN 103,338.09
				04JUN 88,580.93
				07JUN 80,450.43
				08JUN 72,478.11
				09JUN 61,470.84
				10JUN 52,578.44
				11JUN 45,988.12
				14JUN 138,502.57
				15JUN 128,000.31
				16JUN 115,206.77
				17JUN 101,485.74
				18JUN 91,233.26
				21JUN 80,343.56
				22JUN 74,434.82
				23JUN 65,465.82
				24JUN 57,518.82
				25JUN 51,827.22
				26JUN 43,780.24
				29JUN 32,963.48
				30JUN 124,018.00
01JUN 28MAY	28MAY	USD YOUR: 0415300014WA	6,758.80	COLLECTED BALANCES
				01JUN 124,735.87
				02JUN 110,172.71
				03JUN 103,338.09
				04JUN 88,580.93
				07JUN 80,450.43
01JUN 01JUN	01JUN	USD CUR: 0415400095WA	14,563.15	
05JUN 02JUN	02JUN	USD CUR: 0415500092WA	6,634.62	

FT CODE: USD - SAME DAY FUNDS US1 - ONE DAY FLOAT US3 - THREE DAY FLOAT US5 - FIVE DAY FLOAT
USN - NEXT DAY FUNDS US2 - TWO DAY FLOAT US4 - FOUR DAY FLOAT USM - MIXED FLOAT

PLEASE EXAMINE THIS STATEMENT OF ACCOUNT AT ONCE. THE MAINTENANCE OF THIS ACCOUNT IS SUBJECT TO THE PROVISIONS OF THE NEW YORK UNIFORM COM-MERCIAL CODE AND THE BANK'S TERMS AND CONDITIONS FOR BUSINESS ACCOUNTS AND SERVICES. THE BANK DISCLAIMS RESPONSIBILITY FOR ANY ERROR IN OR IMPROPER CHARGE TO THE ACCOUNT AS RENDERED UNLESS INFORMED IN WRITING OF THIS ERROR OR CHARGE WITHIN SIXTY DAYS OF THE DELIVERY, MAILING OR AVAILABILITY OF THE STATEMENT AND CANCELED VOUCHERS. KINDLY REFER TO THE INSTRUCTIONS ON THE REVERSE SIDE OF THIS STATEMENT IN ORDER TO DIRECT YOUR INQUIRIES TO THE PROPER DEPARTMENT FOR PROMPT ACTION.

JPMorgan Chase Bank



Statement of Account

W R GRACE & CO
C/O CORPORATE ACCOUNTING
7500 GRACE DRIVE
COLUMBIA MD 21044-4099

TS

Account No:
Statement Start Date:
Statement End Date:
Statement Code:
Statement No:

In US Dollars
916-1-013372
30 MAY 2004
30 JUN 2004
000-USA-21
000
Page 2 of 4

04JUN 05JUN	05JUN	USD CUR: 0415600097WA	14,767.18	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	06JUN	72,476.11
07JUN 04JUN	04JUN	USD CUR: 0415600091KA	8,130.50	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	06JUN	81,470.84
08JUN 07JUN	07JUN	USD CUR: 0416000093KA	7,974.32	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	07JUN	82,578.44
09JUN 08JUN	08JUN	USD CUR: 0416000092KA	11,005.47	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	08JUN	46,968.12
10JUN 09JUN	09JUN	USD CUR: 0416200091KA	8,892.20	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	09JUN	136,302.57
11JUN 10JUN	10JUN	USD CUR: 0416200095KA	6,579.32	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	10JUN	128,980.31
14JUN 11JUN	11JUN	USD CUR: 0416600092KA	7,486.55	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	11JUN	115,208.77
15JUN 14JUN	14JUN	USD CUR: 0416700096KA	9,642.20	GOVERNMENT ALLOTMENT DEBIT COVERING DRAFTS TO A/C NO. 002-2-416599 FOR WORK OF 06/01/04 W R GRACE & CO C/O CORPORATE ACCOUNTING 7500 GRACE DRIVE COLUMBIA MD 21044-4099	12JUN	101,466.74
					13JUN	81,233.26
					14JUN	80,243.56
					15JUN	74,424.52
					16JUN	65,465.82
					17JUN	57,516.52
					18JUN	51,827.23
					19JUN	43,780.24
					20JUN	32,863.46
					21JUN	124,016.00